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OCIO Directive 2006-013

To:	Assistant Secretaries Heads of Bureaus and Offices
From:	W. Hord Tipton Chief Information Officer
Subject:	Enhanced Performance Reporting for Major Information Technology Investments

Purpose:

The purpose of this directive is to document the ongoing cost and schedule performance reporting requirements for the Department of the Interior's (DOI) major information technology (IT) investments. Ongoing performance reporting enables the OCIO to conduct investment and portfolio-level analysis in accordance with Office of Management and Budget (OMB) reporting requirements.

Background:

Managing IT investments to achieve results continues to be a high priority for Congress, the Administration, and DOI. This priority is driven by legislation, primarily the Federal Acquisition Streamlining Act of 1994, which requires agency heads to achieve, on average, 90 percent of cost and schedule goals for major acquisition programs, and the Clinger Cohen Act of 1996, which requires the establishment of processes for executive agencies to analyze, track and evaluate risks and results of major IT investments. It is also driven by OMB regulations, outlined in OMB Circular A-11 and OMB memoranda, which require agencies to use a performance-based acquisition management system based on the ANSI/EIA Standard 748, to obtain timely information regarding the progress of capital investments.

Recent OCIO directives, *"Earned Value Management (EVM) for IT Investments (May 25, 2005)"* and *"Improving IT Project Planning and Execution Independent Validation of Cost, Schedule and Performance Baselines (September 23, 2005),"* established requirements for IT investments with significant (i.e., greater than $1 million) development funding to 1) establish cost and schedule performance baselines with clear cost, schedule and performance goals that are independently validated for reasonableness, and 2) require IT service contractors to use an EVM system compliant with the American National Standards Institute (ANSI) / Electronic Industries Alliance (EIA) Standard 748-A. This directive builds upon these prior directives and provides direction regarding the frequency of performance reporting for all major IT investments. In addition, it requires that cost and schedule performance baselines be developed for all major IT investments in accordance with OMB requirements in Circular A-11.

The performance baselines will be used in the development and update of DOI's Enterprise Transition Plan. The Enterprise Transition plan is used to identify, track and report on all modernization efforts. Tracking and reporting progress from an integrated transition plan will enable better decision making and is key to DOI achieving its IT modernization goals.

Requirements:

For purposes of this directive, major IT investments are classified into two categories:

1) IT Investments with Significant (i.e., greater than $1 million) Development (includes investments designated as "high-risk" by the Office of Management and Budget (OMB))
2) All Other Major IT Investments

IT Investments with Significant (i.e., greater than $1 million) Development

1) All major investments are required to develop cost and schedule performance baselines. Cost and schedule performance baselines are a critical tool in managing a successful project and monitoring other work activities of the investment life-cycle. Performance baselines are composed of control accounts (work packages such as contract deliverables or internal work efforts) with a planned schedule and a planned budget that is used for comparing to the actual schedule and cost. Projects that are in planning, full acquisition or mixed lifecycle stages (e.g., not 100% operations and maintenance) must identify planning, development/modernization/enhancement (DME) and operations and maintenance control accounts.

2) IT investments designated as "high-risk" by the Office of Management and Budget (OMB) and IT investments with significant development must report their actual cost and schedule data against their planned performance baselines for cost and schedule on a **monthly basis**. Initially, performance reporting will be submitted to the Office of the Chief Information Officer using the attached Microsoft Excel file or MS-Project formats. Guidance and reporting procedures are attached to this directive (see "*Enhanced Performance Reporting for Major Information Technology Investments – Procedures and Guidance*"). After Interior's enterprise Project Management Information System (ePMIS) is fully operational, reporting will be done directly through the ePMIS system.

3) Cost and schedule information should be maintained in accordance with project management and ANSI/EIA-748-A-1998 for Earned Value Management Systems standards, and with the Financial and Business Management System's (FBMS) functionality. Information on the standards is provided in the National Defense Industrial Association's ANSI Standard 748-A for Earned Value Management Systems Intent Guide (*see*: http://www.ndia.org/Content/ContentGroups/Divisions1/Procurement/PDFs10/NDIA_PMSC_EVMS_IntentGuide_Jan2005.pdf).

4) The requirement for monthly reporting is effective forty-five (45) calendar days from the release of this directive.

5) Monthly reports must be submitted ten (10) working days after the close of business (COB) of the month. For example. June actual performance data update must be submitted by COB July 17, 2006.

All Other Major IT Investments

1) All other major IT projects are also required to develop cost and schedule performance baselines. Performance baselines are composed of control accounts (work packages such as contract deliverables or internal work efforts) with a planned scheduled and a planned budget that is used for comparing to the actual schedule and cost. Projects that are in planning, full acquisition or mixed lifecycle stages (e.g.. not 100% operations and maintenance) must identify planning. development/modernization/enhancement (DME) and operations and maintenance control accounts. Projects that are in steady state must identify meaningful operations and maintenance control accounts.

2) Major IT investments must report their actual cost and schedule data against their planned performance baselines for cost and schedule on a **quarterly basis**. Initially. performance reporting will be submitted to the Office of the Chief Information Officer using the attached Microsoft Excel file or MS-Project formats. Guidance and reporting procedures are attached to this directive (see *"Enhanced Performance Reporting for Major Information Technology Investments – Procedures and Guidance"*). After Interior's enterprise Project Management Information System (ePMIS) is operational. reporting will be done directly through the ePMIS system.

3) Quarterly reports must be submitted ten (10) working days after the close of business (COB) of the quarter. For example. April-June actual performance data must be submitted by COB July 17, 2006. July-September actual performance data must be submitted by COB October 15, 2006. and so on.

Notes and Contact Information:

Training will be conducted to assist investment/project managers in implementing this directive.

Questions on this directive may be referred to Will Brimberry, Program Manager. Project Management Office. in the Office of the Chief Information Officer at (202) 208-6052.

Attachments:
Enhanced Information Technology Investment Reporting. Procedures and Guidance
MS-Project template
MS-Excel template

cc:
Bureau Chief Information Officers
Bureau Capital Planning Coordinators
Investment Project Managers

Enhanced Information Technology Investment Reporting Procedures and Guidance

Reporting Procedures and Guidance Intent: These procedures and guidance provide investment managers, project managers and capital planners' instructions and context for <u>Enhanced Performance Reporting for Major Information Technology Investments</u>. These procedures and guidance include clarification of:

- Guidance Purpose
- Reporting Schedule: Which investments report monthly versus quarterly?
- Control Account Information: What is a control account (baseline and performance data)?
- Baseline and Performance Data Reporting: What data must be reported?
- Analytical Process: What is the process for developing the Control Account baseline?
- Organizing Information: What is the format of the Control Account information?
- Reporting Procedures (Interim and Future): How will data be submitted?
- Additional Comments

Guidance Purpose

This guidance supplements the directive outlining the requirement for the Department of the Interior's (DOI) major information technology (IT) investments to provide enhanced investment reporting. Ongoing performance reporting enables the OCIO to conduct investment and portfolio-level analysis in accordance with Office of Management and Budget (OMB) reporting requirements.

Reporting Schedule: Which investments report monthly versus quarterly?

Investments that have significant (i.e., generally greater than $1 million) development funding, and other high profile investments are required to provide cost and schedule baseline and performance information to OCIO on a monthly basis. The current major investments with significant development funding are shown in the table below:

Bureau / Office	System Name / Business Case
E-Government	
OS/PPP	Recreation One Stop
USGS	Geospatial One Stop
Cross Cutting	
OS/MRPS	Capstone Facility Management System (FMS) (MAXIMO)
OS/NPS	Incident Management and Reporting System (IMARS)
OS/OCIO	Enterprise Messaging Service
OS/OCIO	Land Mobile Radio (LMR)

Bureau / Office	System Name / Business Case
OS/OCIO	HSPD-12
OS/OCIO	Enterprise Services Network (ESN)
OS/PFM	Financial & Business Management System (FBMS)
Bureau Specific	
BIA	Trust Asset and Accounting System (TAAMS)
BLM	ePlanning
BOR	Reclamation Electronic Document System (REDS)
OSM	Coal Fee Collection Management System
MMS	OCS Connect
NPS	NPS.gov Internet/Intranet Portal
USGS	The National Map, *Reengineering Project* (NatMap)
USGS	Landsat Data Continuity Mission (LDCM)
USGS	Advanced National Seismic System (ANSS)

For monthly reporting. reports must be submitted ten (10) working days after the close of business (COB) of the month. For example. June actual performance data update must be submitted by COB July 17. 2006.

All other investments are required to report on a quarterly basis. For quarterly reporting, reports must be submitted ten (10) working days after the close of business (COB) of the quarter. For example, April-June actual performance data must be submitted by COB July 17. 2006.

Control Account Information: What is a control account (baseline and performance data)?

Control Account (ANSI Definition): A management control point where scope. budget (resource plan), actual cost, and schedule are integrated and compared to earned value for performance measurement. Control accounts are placed at select management points (specific components at selected levels) of the work breakdown structure.

Control Account (Interpretation): Control accounts (CA) are management control points in the Work Breakdown Structure (WBS) that represents work (i.e.. a work package such as a contract deliverable or internal work efforts) that has a planned schedule and a planned budget to be used to compare to the actual schedule and actual cost. The CA information is the basis for the project's earned value management system (EVMS). performance baseline. and accountability.

Baseline and Performance Data Reporting: What data must be reported?

Recent OMB guidance clarifies that cost and schedule performance reporting is required for all major investments. Projects that are in planning. full acquisition or mixed lifecycle stages (e.g., not 100% operations and maintenance) must identify planning. development/modernization/enhancement (DME), and operations and maintenance control

accounts for the entire investment. However, only the DME or full acquisition portion of the investment is required to monitor cost and schedule performance using an Earned Value Management System that is in compliance with the ANSI/EIA Standard 748-A. Projects that are 100% steady state must also identify meaningful operations and maintenance control accounts.

Analytical Process: What is the process for developing the Control Account baseline?

Following *best practices*, the cost and schedule performance baseline is established from the following sequence of analytical steps. In the context of the OMB (A-11) investment planning process (upper yellow band), the performance baseline is developed through integrated processes, represented graphically as the following process steps (boxes):
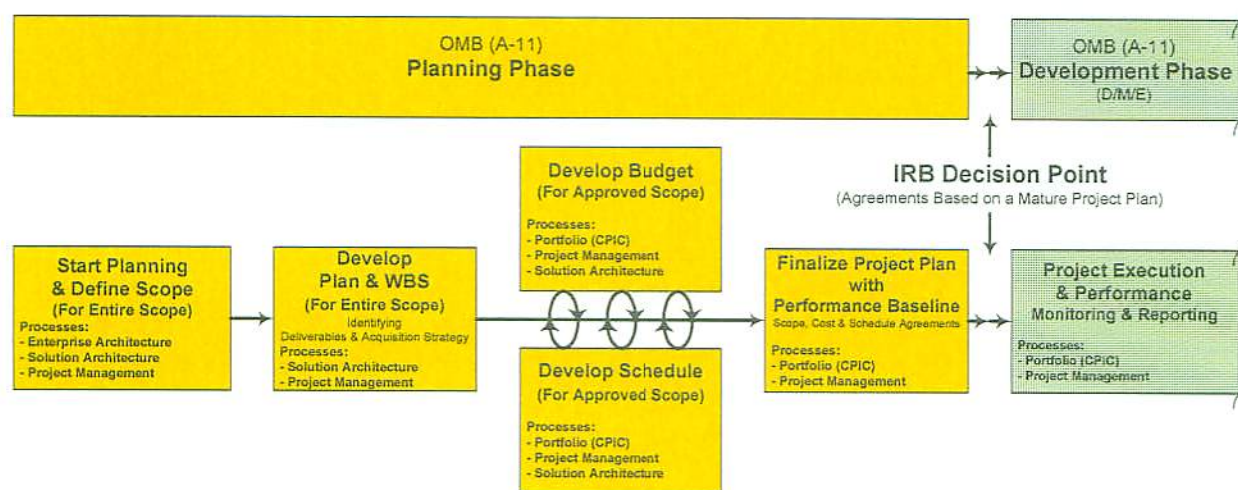
These process steps include:

- Define Scope: Is based on business, business information, and technical requirements.
- Develop WBS: Is the break down (chunking) of work based on an acquisition strategy.
- Develop Budget: Is based on IRB and Budget decisions.
- Develop Schedule: Is based on scope-budget alignment of IRB and Budget decisions.
- Finalize Project Plans & Performance Baseline: Is documentation of all final decisions.

The process steps are themselves products of processes. For example, "Define Scope" is the product of the enterprise architecture alignment, solutions architecture analysis, and project management analysis and planning. The mature project plan's scope and baseline becomes information for Interior's Investment Review Board to make informed portfolio management decisions. These IRB decisions become the project's performance baseline or the scope of work, schedule and budget agreements between the project sponsor, Interior and OMB.

Within the OMB Develop phase (upper green band), the baseline (planned) is the basis for monitoring, comparing and reporting project performance (actual).

Organizing Information: What is the format of the Control Account information?

Provide CA information in the following manner:

- Identify (separate out) the CA information from the entire list WBS activities and record them in the table below.

Control Account Description (Work Package/Deliverable Title)	OMB Stage (P/D/S)	Planned Start Date	Planned End Date	Planned Cost	Actual Start Date	Actual End Date	Actual Cost

⋮   ⋮

- Initially, the baseline and unreported past actual (performance/accomplishment) information will be submitted, including:

  - Control Account Descriptions: Work Packages and/or deliverables

    Note: The CA descriptions must reflect all appropriate aspects of the entire IT Solution Development Life Cycle (SDLC).

  - OMB Stage: Planning (P), D/M/E Develop (D), or Steady State (S)

  - Planned Information: All planned (baseline) information (yellow)

  - Actual Information: The completed actual (performance) information as of the end of the prior month (green)

  - All of the investment's prior year and current year resources reported on the latest Exhibit 300 should be included in the CAs. CA information for the budget year and beyond, through the end of the project, should be shown as high level planning packages. In the Planned Cost column, the sum should be consistent with the Exhibit 300 business case summary of spending table 1) planning, 2) D/M/E, 3) steady-state plus 4) government FTE cost.

- On a scheduled basis, the ongoing actual (performance/accomplishment) information will be reported (green) as they occurred,
  - Actual Start Date
  - Actual End Date
  - Actual Cost

General Discussion: The planned baseline information represents the IRB project decisions of what is to be accomplished (scope) for a given time-frame and dollars. These decisions represent

an agreement between the program manager, the Interior, and OMB and constitute the fixed project baseline. The baseline changes only upon reconsideration and decision by the IRB.

Actual performance on work that has been completed to-date should be provided. Future actual work (green) has not occurred, thus the performance information is not yet available. Ideally project managers should update the actual performance in a real-time manner – as work packages are started and completed, the actual performance should be updated. At a minimum, actual performance information should be updated monthly for projects with significant development and quarterly for all other projects.

EVM reporting will be generated by OCIO from this centralized body of CA information.

<u>Reporting Procedures:</u> **How will data be submitted?**

Interim Reporting Procedures:

- Load the baseline and performance (control account) information into the attached MS-Excel spreadsheet or MS-Project file.

- Email the investment performance information to Interior_Project_Management_Office@ios.doi.gov , transmitting the update not later than ten (10) business days after COB of either the month or quarter, appropriately. Again, for significant investments reporting is required monthly. For all other investments, reporting is required quarterly.

Future Reporting Procedures:

- In the future, reporting will be facilitated through Interior's enterprise Project Management System, ePMIS (MS-Project Server Edition).

- Access authorization and appropriate software installation will be arranged through the OCIO's Project Management Office. For this, the following will be scheduled:

  1) Installation of MS-Project Professional on your workstation
  2) Setup of the MS project server's URL

- Using MS Project Professional working from your desktop, develop the project's cost and schedule baseline information

- Publish (*MS-Project terminology*) the project's baseline to Interior's PMIS

- Once baselined, the MS-project server will only allow IRB approved baseline changes

- Identify other project users and their read-write-update reporting capabilities

- Monthly or Quarterly, update actual performance information.

If you wish to use Interior's MS-Project Server for the project's official WBS, authorization and access procedures will be arranged.

Additional Comments

- Training will be conducted to assist investment/project managers in implementing this directive.

- Representing a decision and Interior's agreement with OMB, the baseline information is established and only changed with the consent and approval of the IRB.

- If the investment is not within 5 percent of cost or schedule goals, the project's management team (Investment's Business/Program Manger, Investment Manager, and Project Manager) may be asked to meet with OCIO staff to address specific project issues. The objectives of this meeting are to jointly 1) resolve how to address key problem issues and 2) select an appropriate and agreed upon course of actions.

- If you have questions on this directive, contact Will Brimberry, Program Manager, Project Management Office, in the Office of the Chief Information Officer at (202) 208-6052.